

# The Trust 10

## Healthcare Institutional Investors

### 01 The pandemic has increased attractiveness of the healthcare sector for investors.

Seventy eight percent (78%) of investors have increased their allocation in healthcare. Further, investors say all healthcare sub-sectors have become more attractive since the COVID-19 pandemic, especially pharmaceutical / specialty pharmaceutical (75%) and medical devices / healthcare equipment and supplies (70%).

### 02 Post-pandemic, greater innovation is expected from healthcare companies at a faster pace.

Eighty seven percent (87%) of investors agree the pandemic proved that healthcare companies are able to innovate faster than they have historically. Eighty three percent (83%) also agree healthcare companies will accelerate digital transformation as long as COVID-19 persists.

### 03 Move over digital health – companies offering “frontline services” benefitted the most from increased allocation in the past year.

While the pandemic fueled digital transformation, investors increased their allocation at a greater rate in frontline services such as devices, equipment, and supplies (47%); pharmaceutical / specialty pharmaceutical (45%); and health and hospital systems (40%) than in digital health (36%).

### 04 Treatment and technology advancement drives investor value in healthcare.

Investors overwhelmingly tie treatment advancements (77%), technological advancements and innovation (76%), and the application of new technologies, such as artificial intelligence and machine learning (76%), to their positive financial outlook of the healthcare industry.

### 05 Investors must trust the Board nearly as much as the CEO when making investment decisions.

A majority of investors surveyed (82%) need to trust a healthcare company's Board of Directors before making an investment decision, while 87% say they need to trust the CEO.

### 06 Healthcare investors favor clear vision and leadership.

When assessing healthcare assets, 69% of investors say strong leadership and a clear vision for the future are most important in building their trust in a healthcare company, second only to financial performance.

### 07 Investors expect healthcare companies to be purpose-driven.

An overwhelming majority (84%) of investors must trust that a healthcare company is taking proactive action to have a positive impact on society, and likewise, 82% must trust the company is proactively prioritizing ESG practices, before making or recommending an investment.

### 08 Investors expect strong ESG performance in healthcare and those who successfully execute against mandates command a premium valuation.

Seventy three percent (73%) of investors won't invest in healthcare companies without ESG mandates, and 81% believe those with strong ESG performance deserve premium valuation. Likewise, 79% say healthcare companies that prioritize ESG represent better opportunities for long-term returns.

### 09 Healthcare companies are seen as having poor communication with investors.

More than two-thirds of investors (68%) say healthcare companies have historically communicated poorly, and a majority (61%) believe that most healthcare companies are unprepared to communicate effectively.

### 10 Investors use multiple sources to assess potential healthcare investments.

A healthcare company's website, investment portfolio, ESG report, IR website, and financial filings are among investors' most relied upon sources of information.